

The Saturday Review Financial Supplement

Conducted by Hartley Withers

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All communications respecting this department should be addressed to The City Editor, the SATURDAY REVIEW, 10, Throgmorton Avenue, E.C.2. Telephone: London Wall 5485.

The Outlook

Though the sensational and rather hectic buoyancy of the gilt-edged market has had a wholesome check, and in other quarters there has been some evidence of liquidation, the financial position still gives ground for carefully qualified hope. It is something, in view of all that was said by the purely political critics of the Government about the prospect of a "huge deficit" on the Budget, that the weekly return of revenue and expenditure already shows a small balance on the right side with another month of active tax-gathering before us. It may be true that the country cannot stand the present rate of taxation, but it is at least gratifying to see the taxes being paid so well, while the eagerness with which new issues are snapped up seems to show that the country's capital fund has not been exhausted so entirely as some of our statistical advisers have demonstrated that it ought to have been. The Geddes Committee has more than fully justified its existence in spite of the jeers of those who insisted, when it was first appointed, that it was only another example of the "eyewash" with which the Government was trying to delude the country. In Wednesday's debate on its report Sir Robert Horne was able very effectively to bring this point home, though Mr. Asquith retorted by showing that the very substantial economies now admitted to be possible are a clear demonstration of the reckless extravagance in which our rulers indulged, until the force of circumstances, in the shape of the obvious inability of the country to stand it, compelled them to seek outside advice for its remedy.

THE STOCK MARKETS

War Loan touched extremes of 95½ and 97 on Wednesday in this week, a sudden rise occurring over the telephones, after business hours, on the rumour that the Treasury would put on tap a new issue of 4½ per cent. bonds at 99. This had a strengthening effect upon all British Government stocks, including the longer-dated National War Bonds, which lately have been somewhat lagging behind the rest of the group. In the meantime the sensational success of the Paris Lyons Railway 7 per cent. issue helped to call attention to the foreign market, and sharp rises in Chile 7½ per cent., Siamese Government Sevens and similar stocks show that the investor is awake to the possibilities in this department. Chinese bonds are weak, in consequence of another default in the payment of the half-yearly interest on the Chinese "Marconi" loan. The Home Railway division holds most of its prices with noticeable firmness, but Argentine and Brazilian railways have given way. Interest amongst industrials centres a good deal upon the results of some of the new issues. Rubber shares are still dormant. The Shell new Preferences have risen to 2s. premium; Marconis, Courtaulds and some of the other usually popular favourites have been dull. Shipping shares gave way from the best. The banking market is steady: insurance shares hardened. Indian securities again wavered. Debentures and Preference shares hold their prices in

most cases. The mining markets continue under much the same influences as those which have obtained throughout the current year, South Africans being weak owing to the continuance of the strike on the Rand. Tin shares are heavy in consequence of the flatness of the metal.

MONEY AND EXCHANGE

There was rather more demand for money in the last days of February, but the turn of the month brought the usual relief, enhanced by the payment of nearly £20 millions in debt interest. Discount rates were inclined to give way, and until there is real revival in trade the present easy tendency in money seems likely to continue. It is true that tax payments will be on a large scale until the end of the quarter, but there is little reason to expect under present circumstances that the Government will pile up a large balance at the Bank of England. The price of sterling in New York has remained strong, and this strength is attributed by experts largely to heavy purchases of British securities by American investors. Selling securities—which practically amounts to borrowing abroad—is not the best way of restoring a normal rate of exchange, but it is at least gratifying to see America thus backing its opinion of our financial progress, and curing an anomalous position by investing funds here. It means a bigger interest drain on us in future, but in future it is possible that our American friends will have learnt to take goods. Small shipments of gold from New York to Sweden and Switzerland are said to have begun. Continental exchanges, as a rule, show a tendency towards normality, with the conspicuous exception of the German mark, which remains at the mercy of the politicians.

GOVERNMENT FINANCE

Sir Robert Horne, as was inevitable, disappointed those who had expected, from his speech on the Geddes reports, a preliminary Budget statement. He confined himself to the extent to which the Government is prepared to accept the recommendations of the Committee, and from a necessarily complicated statement it appears that the estimates for the ordinary Supply Services for next year will amount to £484 millions, a reduction of £181 millions on the current year's, including supplementary estimates. Certainly a "great achievement," as he claimed; but why has it come so late? In the Treasury circular of May, 1921, the figure of £485 millions was shown to be available for ordinary Supply Services on the basis of existing taxation, so that there does not appear to be any margin for reduction. This figure, however, was given on the assumption that £100 millions would be needed to meet contracted liabilities on War Loans and some part of debt maturing. The extent of these liabilities has been modified by the rise in the gilt-edged prices, which makes it less likely that securities will be tendered in payment of taxes and that the monthly repurchases of the 5 per cent. War Loan—necessary as long as it stands below 95—will be required. On this score there is thus some small possibility of relief, but only at the expense of debt redemption. Rumour talks of a larger effort to be secured by, in effect, paying war pensions out of borrowed money. This would be mere financial thimble rigging which will quickly be seen through by the country, sick as it is of being taxed, and still more quickly by our friends and critics abroad.

FIGURES AND PRICES

PAPER MONEY (in millions).

	Latest Note Issue.	Stock of Gold.	Ratio of Gold to Notes.	Previous Note Issue.	Note Issue Feb. 28, 1921.
European Countries			%		
Austria Kr.	203,164	?	—	193,749	38,353
Belgium Fr.	6,296	267	4	6,352	6,039
Britain (B. of E.) £	103	157	38	107	108
Britain (State) £	300			325	336
Bulgaria Leva	3,354	37	1+	3,592	3,248
Czecho-Slov. Kr.	11,038	1,327+	12+	11,230	10,915
Denmark Kr.	450	228	50	446	509
Estonia Mk.	350	343+	98+	250	—
Finland Mk.	1,357	43	3	1,300	1,464
France Fr.	36,151	5,525	15	36,434	38,146
Germany Mk.	115,755	995	—	116,606	67,427
Greece Dr.	2,161	57	2	2,130	1,559
Holland Fl.	982	613+	65+	1,057	1,031
Hungary Kr.	25,145	?	—	25,175	15,571
Italy (Bk.) Lire	13,273	1,500	11+	13,744	15,279
Jugo-Slavia Dnrs	4,640	74	1	4,571	3,406
Norway Kr.	369	147	39	375	425
Poland Mk.	240,000	25	—	229,500	62,560
Portugal Esc.	722	9	1	705	626
Roumania Lei	13,709	4,582	33	13,723	10,222
Spain Pes.	4,207	2,517	51	4,239	4,243
Sweden Kr.	541	274	48	546	687
Switzerland Fr.	825	550	66	853	944
Other Countries					
Australia £	58	24	40	58	59
Canada (Bk.) \$	184	165	36	194	207
Canada (State) \$	269			269	278
Egypt £E	35	3	8	36	34
India Rs.	1,729	24	13	1,734	1,646
Japan Yen	1,118	1,246+	111+	1,233	1,118
New Zealand £	8	8+	100+	8	8
U.S. Fed. Res. \$	2,183	2,947	135	2,176	3,073

+Total cash.

GOVERNMENT DEBT (in thousands)

	Feb. 25, '22.	Feb. 18, '22.	Feb. 26, '21.
Total deadweight	7,666,192	7,684,820	7,531,106
Owed abroad	1,085,806	1,085,806	1,133,674
Treasury Bills	957,266	975,351	1,109,799
Bank of England Advances	—	—	—
Departmental do.	111,600	113,115	189,622

NOTE.—The highest point of the deadweight debt was reached at Dec. 31, 1919, when it touched 8,033 millions. On March 31 1921 it was 7,574 millions. Of the increase shown since then 102 millions represent a nominal addition, due to a conversion scheme.

GOVERNMENT ACCOUNTS (in thousands)

	Feb. 25, '22.	Feb. 18, '22.	Feb. 26, '21.
Total Revenue from Ap. 1	925,586	891,015	1,197,054
„ Expenditure „ „	918,721	902,777	998,066
Surplus or Deficit	+6,865	—11,762	+198,988
Customs and Excise	298,002	292,737	303,739
Income and Super Tax	294,609	276,197	293,803
Stamps	14,377	14,037	22,745
Excess Profits Duties	29,714	29,714	195,622
Post Office	49,500	48,000	43,950
Miscellaneous—Special ...	132,897	127,233	241,213

BANK OF ENGLAND RETURNS (in thousands)

	Mar. 2, '22.	Feb. 22, '22.	Feb. 23, '21.
Public Deposits	17,151	27,808	15,236
Other „	118,492	109,947	124,469
Total	135,643	137,755	142,705
Government Securities ...	47,986	48,546	44,394
Other „	81,730	81,639	98,925
Total	129,716	130,185	143,319
Circulation	123,093	121,545	129,300
Do. less notes in currency reserve	103,643	102,095	109,850
Coin and Bullion	128,762	128,761	128,327
Reserve	24,119	25,665	17,477
Proportion	17.7%	18.6%	12½%

CURRENCY NOTES (in thousands)

	Mar. 2, '22.	Feb. 22, '22.	Mar. 2, '21.
Total outstanding	299,811	298,276	337,268
Called in but not canceld.	1,674	1,670	2,298
Gold backing	28,500	28,500	28,500
B. of E. note, backing ...	19,450	19,450	19,450
Total fiduciary issue	250,187	248,646	287,020

NOTE.—The maximum fiduciary issue for 1921 was officially "fixed" at £317,555,200.

BANKERS CLEARING RETURNS (in thousands)

	Mar. 1, '22.	Feb. 22, '22.	Mar. 2, '21.
Town	737,761	705,608	674,606
Metropolitan	29,056	30,804	33,667
Country	50,383	52,922	62,126
Total	817,200	789,334	770,429
Year to date	7,019,073	6,201,873	6,648,063

LONDON CLEARING BANK FIGURES (in thousands)

	Jan., '22.	Dec., '21.	Apr., '21.
Coin, notes, balances with Bank of England, etc.	212,722	229,789	204,983
Deposits	1,872,230	1,860,393	1,751,719
Acceptances	64,085	65,790	63,585
Discounts	442,752	427,689	278,302
Investments	349,830	334,501	322,784
Advances	770,144	780,428	860,901

MONEY RATES

	Mar. 2, '22.	Feb. 23, '22.	Mar. 2, '21.
Bank Rate	4½	4½	7
Do. Federal Reserve N.Y.	4½	4½	7
3 Months' Bank Bills ...	3½-¾	3½-¾	6½
6 Months' Bank Bills ...	3½-¾	3½-¾	6½
Weekly Loans	3	3	5½

FOREIGN EXCHANGES (telegraphic transfers)

	Mar. 2, '22.	Feb. 23, '22.	Mar. 2, '21.
New York, \$ to £	4.42½	4.41½	3.88½
Do., 1 month forward ...	4.42½	4.41½	—
Montreal, \$ to £	4.51½	4.52½	4.43
Mexico, d. to \$	26½d.	26d.	32d.
B. Aires, d. to \$	45½d.	45½d.	50½d.
Rio de Jan., d. to milrs.	7½d.	7½d.	10½d.
Valparaiso, \$ to £	38.70	40.70	—
Montevideo, d. to \$	44½d.	44½d.	48d.
Lima, per Peru £	20% prem.	20% prem.	—
Paris, frcs. to £	48.30	48.10	54.50
Do., 1 month forward ...	48.30	48.10	—
Berlin, marks to £	1,050	948	245
Brussels, frcs. to £	51.15	50.70	52.15
Amsterdam, fl. to £	11.57½	11.49½	11.35
Switzerland, frcs. to £ ...	22.64	22.55	23.35
Stockholm, kr. to £ ...	16.76	16.58	17.40½
Christiania, kr. to £ ...	25.13	25.77	23.07½
Copenhagen, kr. to £ ...	20.86	20.94	22.17½
Helsingfors, mks. to £ ...	217	218	143½
Italy, lire to £	82½	87½	106½
Madrid, pesetas to £ ...	27.70	27.58	27.96½
Greece, drachma to £ ...	97½	96½	52
Lisbon, escudo d.	4½d.	4d.	5½d.
Vienna, kr. to £	23,500	22,000	1,775
Prague, kr. to £	260	245	307½
Budapest, kr. to £	3,050	3,100	—
Bucharest, lei to £	550	550	290
Belgrade, dinars to £ ...	no quotation	330	—
Sofia, leva to £	650	625	—
Warsaw, marks to £	17,500	17,000	3,400
Constnple, piastres to £ ..	650	645	—
Alexandria, piastres to £ ..	97½	97½	97½
Bombay, d. to rupee ...	15½d.	15½d.	15½d.
Calcutta, d. to rupee ...	15½d.	15½d.	15½d.
Hongkong, d. to rupee ...	28½d.	29d.	28½d.
Shanghai, d. to tael ...	37d.	38½d.	37½d.
Singapore, d. to \$	27½d.	27½d.	27½d.
Yokohama, d. to yen ...	25½d.	25½d.	29½d.

UNEMPLOYMENT

	Feb. 21, 1922.	Feb. 14, 1922.	Feb. 7, 1922.	June 24, 1921.
Men	1,425,028	1,443,000	1,446,974	1,549,307
Women	326,653	334,500	332,204	477,627
Juveniles	110,134	112,900	112,951	150,965
Total	1,861,815	1,890,400	1,892,129	2,177,899
On relief work	128,500	127,140	124,061	—

COAL OUTPUT

Week ending :	Feb. 18, 1922.	Feb. 11, 1922.	Jan. 28, 1922.	Feb. 19, 1921.
tons.	5,000,800	4,902,500	4,738,700	4,284,100
	32,398,700	27,397,900	17,692,300	31,588,200

IRON AND STEEL OUTPUT

	1922.	1921.	1921.	1920.
	Jan.	Dec.	Nov.	Dec.
tons.	tons.	tons.	tons.	tons.
Pig Iron	288,000	275,000	271,800	682,500
Yr. to date	288,000	2,611,000	2,336,400	8,007,900
Steel	327,500	381,000	442,800	746,600
Yr. to date	327,500	3,624,800	3,243,800	9,056,800

PRICES OF COMMODITIES
METALS, MINERALS, ETC.

	Mar. 2, '22.	Feb. 23, '22.	Mar. 2, '21.
Gold, per fine oz.	93s. 6d.	93s. 9d.	105s. 8d.
Silver, per oz.	32½d.	33d.	31½d.
Iron, Scotch pig No. 1			
per ton	£4.16.0	£4.16.0	£10.0.0
Steel rails, heavy "	£9.5.0	£9.5.0	£21.0.0
Copper, Standard "	£59.0.0	£57.10.0	£67.12.6
Tin, Straits "	£142.0.0	£142.0.0	£155.15.0
Lead, soft foreign "	£20.10.0	£20.2.6	£18.5.0
Spelter "	£24.15.0	£24.7.6	£23.10.0
Coal, best Admiralty "	26s. 3d.	26s. 3d.	58s. 0d.

CHEMICALS AND OILS

Nitrate of Soda, per ton	£16.0.0	£16.0.0	£22.10.0
Indigo, Bengal per lb.	11s. 0d.	11s. 0d.	11s. 0d.
Linseed Oil, spot per ton	£39.5.0	£39.10.0	£31.5.0
Linseed, La Plata ton	£20.10.0	£20.15.0	£16.5.0
Palm Oil, Benin spot ton	£31.10.0	£31.10.0	£34.10.0
Petroleum, w. white gal.	1s. 5d.	1s. 5d.	2s. 4½d.
Turpentine cwt.	63s. 6d.	61s. 0d.	55s. 0d.

FOOD

Flour Eng. straights			
ex mill 280 lb.	44s. 6d.	43s. 6d.	68s. 0d.
Wheat, English Gaz. Avge.			
per 480 lbs.	49s. 11d.	48s. 1d.	74s. 7d.
Wheat, No. 2 Red Winter			
N.Y. per bush.	150½ cents.	152 cents.	195 cents.

TEXTILES, ETC.

Cotton, fully middling,			
American per lb.	10.37d.	10.58d.	7.38d.
Cotton, Egyptian, FGF.			
Sakel per lb.	17.00d.	18.00d.	13.00d.
Hemp, N.Z. spot, per ton	£35.0.0	£37.0.0	£45.0.0
Jute, first marks "	£24.0.0	£24.5.0	£32.0.0
Wool, N.S.W. av. combing			
64's per lb.	49d.	50d.	48d.
Rubber, Std. Crepe, lb.	7½d.	7½d.	1s. 0d.

OVERSEAS TRADE (in thousands)

	Jan., 1922.	Jan., 1921.	Dec., 1921.	Dec., 1920.
Imports	76,488	117,041 - 34	1,086,687	1,932,649
Exports	63,147	92,756 - 31	703,196	1,334,469
Re-exports	8,459	9,955 - 15	107,052	222,753
Balance of Imports	4,882	14,330 - 65	276,439	375,427
Export cotton goods	16,813	23,973 - 29	178,710	401,420
Expt. woollen goods	5,010	7,902 - 36	55,104	134,859
Export coal value...	4,783	5,556 - 13	42,952	99,627
Do. quantity tons...	4,021	1,700 + 136	24,661	24,932
Export iron, steel...	5,860	10,692 - 45	63,772	128,907
Export machinery...	5,800	8,060 - 27	74,630	63,432
Tonnage entered	2,906	2,925 -	37,112	36,492
" cleared	3,919	2,616 + 40	36,395	36,725

INDEX NUMBERS

United Kingdom—Wholesale sale (<i>Economist</i>).....	Jan., 1922.	Dec., 1921.	Dec., 1920.	July 1914.	
Cereals and Meat	907½	921½	1,344	579	
Other Food Products	654½	636	805	355	
Textiles	1,066½	1,106	1,284	616½	
Minerals	730	762	1,216	464½	
Miscellaneous	925½	931½	1,275	553	
Total	4,284	4,357	5,924	2,565	
Retail—(Ministry of Labour)—	Jan., 1922.	Dec., 1921.	Nov., 1921.	Jan., 1921.	July, 1914.
Food only	179	185	195	263	100
All items	188	192	199	251	100
France—Retail	Jan., 1922.	Dec., 1921.	Nov., 1921.	Dec., 1920.	July, 1914.
(Paris)	319	323	326	470	100
Food, Fuel, Lighting					
Germany—Wholesale (<i>Frankfurter Zeitung</i>)	Dec., 1921.	Nov., 1921.	Oct., 1921.	Dec., 1920.	Mnthly average
All Commodities	320	303	249	153	1913. 9.23
United States—Wholesale (<i>Bradstreet's</i>)	Feb. 1, 1922.	Jan. 1, 1922.	Feb. 1, 1921.	Aug. 1, 1914.	
	\$	\$	\$		
All commodities.	11.4190	11.3725	12.3689	8.7087	
FRIGHER					

FREIGHTS

From Cardiff to	March 2, 1922.	Feb. 23, 1922.	March 2, 1921.
West Italy (coal)	14/0	14/0	18/0
Marseilles	13/0	12/9	18/0
Port Said	16/0	15/0	17/6
Bombay	22/0	23/0	25/0
Islands	10/6	10/6	13/6
B. Aires	14/6	13/6	21/6
From			
Australia (wheat)	52/6	52/6	61/3
B. Aires (grain)	31/3	30/0	32/6
San Lorenzo	33/9	32/6	35/0
N. America (grain)	4/0	4/0	5/0
Bombay (general)	24/0	21/0	22/6
Alexandria (cotton-seed)	12/0	10/0	12/6

HOME RAILWAY TRAFFICS

	Last week.	Previous week.	Total To Date.
Caledonian	161,100	156,000	999,400
Glasgow & S.W.	61,700	61,500	401,100
Great Central	211,900	204,300	1,374,400
Great Eastern	199,600	197,000	1,543,200
Great Northern	230,700	230,500	1,773,700
G.N. of Scotland	18,430	17,850	131,820
Great Western	533,000	520,000	4,052,000
Highland	22,696	21,244	154,746
Hull & Barnsley	35,650	30,626	238,533
L. & N.W.	767,000	747,000	5,818,000
L. & S.W.	161,200	160,400	1,256,500
Metropolitan	36,200	36,032	294,413
Midland G.W.	32,180	24,781	174,478
Midland	511,000	513,000	3,837,000
North British	177,300	179,500	1,145,400
North Eastern	335,100	310,300	2,117,700
North London	14,770	15,319	121,028
Taff Vale	36,452	33,766	242,376
Underground	214,665	208,250	1,649,569
Do. Traction group	47,421	45,530	357,698

SECURITY PRICES

BRIT. AND FOREIGN GOVT.

	Mar. 2, '22.	Feb. 23, '22.	Mar. 2, '21.
Consols	55½	56½	46½xd
War Loan	3½% ... 91½	92½	84½
Do.	4½% ... 94	92	78½
Do.	5% ... 96½	96½	85½
Do.	4% ... 100½	100½	96
Funding	4% ... 82½	82	70½
Victory	4% ... 84½	85	75½xd
Local Loans	3% ... 62½xd	62½	51½
Conversion	3½% ... 72	73	—
Bank of England	205	206	176½
India	3½% ... 61½	62½	55xd
Argentina (88)	5% ... 97	98	89
Belgian	3% ... 65½	65½	53
Brazil 1914	5% ... 72	70	55½
Chilian 1888	4½% ... 76	76	69½
Chinese	5% '96	90½	80½
French	4% ... 36½	36	33½
German	3% ... 2½	2½	6
Italian	3½% ... 26	25	20
Japanese	4½% (1st)	101	102
Russian	5% ... 15	14½	14

RAILWAYS.

Great Central Pref.	11½	11½	7½
Great Eastern	32½	33	25½
Great Northern Pref.	56½	54	38
Great Western	89	89½	58
London Brighton Def.	48½	49	37
London Chatham	9	8½	4½
L. & N.W.	84½	86½	66
L. & S.W. Def.	25½	26	17½
Metropolitan	34½	35½	20
Do. District	26	26	13
Midland Def.	56½	57	36½
North Brit. Def.	12½	12½	10
North Eastern	89	91	65
South Eastern Def.	30½	30½	17
Underground "A"	6/0	6/3	5/0
Antofagasta	52	48½	57
B.A. Gt. Southern	65	67½	60
Do. Pacific	42	42½	38½
Canadian Pacific	153½	150	146xd
Central Argentine	55	58½	53½
Entre Rios	19	19	20
Grand Trunk	1½	1½	4½
Do. 3rd. Pref.	4	4	12
Leopoldina	24½	26	24
San Paulo	117	117½	125
United of Havana	56	55	66

INDUSTRIALS, ETC.

Anglo-Persian 2nd Pref.	23/9	24/10½	—
Armstrongs	13/9	13/7½	14/6
Brit.-Amer. Tobacco	65/6	66/6	61/3
Burmah Oil	5½	5½	6½
Coats	55/6	54/6	45/0
Courtaulds	37/1½	37/10½	29/0
Cunard	18/6	19/6	16/9
Dorman Long	16/0	15/0	17/0
Dunlop	6/7½	6/9	9/3
Fine Spinners	35/0	35/9	32/6
Hudsons Bay	6½	6½	5½
Imp. Tobacco	53/0	53/0	44/9xd
Listers	19/6	19/0	16/0
Marconi	1½	1½	1½
Mexican Eagle	4½	4½	5½
P. & O. Def.	310	330	310
Royal Mail	87	87	92½
Shell	4½	4½	5½
Vickers	8/7½	9/3	10/9

Prudential Assurance Company, LIMITED.

Chief Office:—HOLBORN BARS, LONDON, E.C.1.

Summary of the Report presented at the Seventy-Third Annual Meeting, held on March 2nd, 1922.

ORDINARY BRANCH.—The number of policies issued during the year was 93,522, assuring the sum of £15,968,378, and producing a new annual premium income of £1,138,447. The premiums received were £9,367,063, being an increase of £566,314 over those for the year 1920.

The claims of the year amounted to £5,753,003. The number of deaths was 10,845. The number of endowment assurances matured was 37,864, the annual premium income of which was £206,459.

The number of policies, including annuities, in force at the end of the year was 1,137,749.

INDUSTRIAL BRANCH.—The premiums received during the year were £13,998,392, being an increase of £1,006,784.

The claims of the year amounted to £3,588,321. The total number of claims and surrenders was 500,763 on 605,411 policies, of which 45,221 were matured endowment assurances.

The number of free policies granted during the year to those policyholders of five years' standing and upwards who desired to discontinue their payments was 104,577, the number in force being 2,131,409. The number of free policies which became claims was 52,438.

The total number of policies in force in this Branch at the end of the year was 23,802,250: their average duration is fifteen years.

GENERAL BRANCH.—The premiums received, after deduction of reinsurances, in respect of Fire, Sickness and Accident, Employers' Liability and Miscellaneous insurances, were £314,448, being an increase for the year of £103,604 over 1920. The claims of the year amounted to £138,623.

The premiums received under Sinking Fund policies were £32,531, being an increase of £20,710. The capital sum insured under these policies is £1,553,546.

The accounts now presented include for the first time particulars relating to Marine Insurance. The premiums received during the year on this class of business, after deduction of reinsurances, discounts, brokerages and returns, amounted to £339,320. The claims were £43,768.

The assets of the Company, in all Branches, as shown in the balance sheet, are £134,827,239, which represents an increase for the year of £10,374,087 over 1920.

In the Ordinary Branch the surplus shown is £1,779,146, including the sum of £163,226 brought forward from last year. Out of this surplus the Directors have added £500,000 to the Investments Reserve Fund, which, after writing down book values of assets by £1,000,000, stands as at 31st December, 1921, at £2,000,000, and £176,996 has been carried forward.

A bonus of £1 6s. per cent. on the original sums assured will be allocated to participating policies in the Ordinary Branch which were in force on the 31st December, 1921.

In the Industrial Branch the surplus shown is £1,309,096, including the sum of £68,988 brought forward from last year. Out of this surplus the Directors have added £300,000 to the Investments Reserve Fund, which, after writing down book values of assets by £400,000, stands as at 31st December, 1921, at £1,500,000; £200,000 has been carried to the Common Contingency Fund, and £117,793 has been carried forward.

The profit-sharing scheme in the Industrial Branch provides that after payment of a fixed dividend to the shareholders any surplus profit shall be divided into six equal parts: one part being retained by the shareholders, one distributed among the outdoor staff of the Company, the remaining four parts being allotted by way of bonus to the policyholders of the Industrial Branch.

The sum which has already been paid under this scheme by way of bonus to the Industrial Branch policyholders and outdoor staff amounts to £2,825,000.

It is with great pleasure that the Directors announce the resumption of bonuses under the profit-sharing scheme, which had to be suspended owing to the War.

A bonus addition of £2 10s. per cent. will be made to the sums assured on policies on which premiums have been paid for ten years and upwards which become claims either by death or maturity of endowment from 3rd March, 1922, to 6th March, 1924, both dates inclusive.

The experience gained has shown the desirability of the bonus distribution being placed on a more permanent basis, especially having regard to the increasing number of endowment assurances entitled to participate in the Industrial Branch profits. Accordingly the distribution of the amount now allotted to policyholders is to be spread over a period of two years and succeeding distributions will be spread over longer periods. Thus it is intended that next year any bonus declared shall be spread over a period of three years instead of two years, and in the following year over a period of four years, and so on.

In order to make clear the effect of this method of bonus allotment, let it be assumed that each year the same rate of 2½ per cent. is maintained. The resulting total bonus rates following on the 2½ per cent. now declared would be 5 per cent. for second and third years, 7½ per cent. for fourth and fifth years and so on. When the accumulation provides a bonus of 10 per cent. on participating policies on which ten years' premiums have been paid it is intended to apply the surpluses to increase bonuses on policies of longer duration, until a bonus of 1 per cent. for each year of duration has been attained. These figures are used to illustrate the bonus method as there can of necessity be no guarantee as to future bonus distributions, which must depend on the profits earned by the Company; but aided by the more remunerative interest yield and by the more economical working of our business, it is hoped to be able to make bonus distributions in the future which will not only maintain but constantly increase the popularity of our profit-sharing Industrial Branch policies.

The total surplus of the two branches is £3,088,242. Of this amount £500,000 has been added to the Investments Reserve Fund of the Ordinary Branch, £300,000 has been added to the Investments Reserve Fund of the Industrial Branch, and £200,000 to the Common Contingency Fund; £1,793,453 will be distributed among participating policyholders in the Ordinary Branch, policyholders in the Industrial Branch, the Shareholders, and the Superintendency and Agency Staff in accordance with the Articles of Association of the Company, leaving £294,789 to be carried forward, namely, £176,996 in the Ordinary Branch and £117,793 in the Industrial Branch.

The four Prudential Approved Societies have during the year paid to their members benefits amounting approximately to £2,742,400 making a total of over £15,059,000 paid since National Insurance was introduced. The number of persons admitted to membership of the Societies during the year was 311,596, of whom 127,816 were men and 183,780 women.

Messrs. Deloitte, Plender, Griffiths & Co. have examined the securities, and their certificate is appended to the balance sheets.

A. C. THOMPSON, *Chairman.*

EDGAR HORNE,
J. ROY LANCASTER, } *Directors.*

JOSEPH BURN,
General Manager and Actuary.

G. E. MAY, *Secretary.*

The full Report and Balance Sheet can be obtained upon application.

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